

joined Livius. Hannibal was unaware of the disaster that had befallen his brother until the Roman cavalrymen spurred their horses up to the Carthaginian sentries at night, and tossed a dark object into their midst. When it was brought to Hannibal in his tent, he took one look and said, "I see there the fate of Carthage." It was the head of his dead brother, Hasdrubal.

Hannibal then decamped and took his remaining forces into Bruttium, the toe of Italy, the wild and mountainous area from which he had drawn most of his recruits in recent years, and where he was in possession of two small seaports, the seaport of Locri and the seaport of Croton.

Following the battle of the Metaurus, which was one of the decisive battles of the world, Hannibal's last chance and last hope of ever conquering Rome were gone. From that year of 207 B.C., to the year 203 B.C., Hannibal remained in Italy unconquered.

Meanwhile, the main theater of war had shifted to Spain where Publius Cornelius Scipio—the son of the Scipio who had been wounded in 218 B.C., at the battle of the Ticinus River—and who, incidentally, would become the conqueror of Hannibal at Zama in the year 202 B.C., and be given the surname or agnomen, Africanus. He was, through his victories in Spain over Hannibal's brother Mago, wresting control of Spain out of the hands of the Carthaginians.

The years, meanwhile, had taken their toll on Hannibal's Army. No longer did he have the brilliant officers and experienced warriors who had followed him in the early battles and who had adorned his magnificent exploits in the earlier years. His army now was virtually a different army and, in any other hands, it would not pose a threat to Rome. But it was the dreaded name of Hannibal that continued to tie down so many thousands of Romans.

Scipio, in the year 204 B.C., moved with his legions to North Africa where he attacked Carthage, and in 203 B.C., Hannibal was recalled from Italy to Carthage to do battle with Publius Cornelius Scipio Africanus Major.

Polybius tells us that Hannibal, upon being recalled, was bitter. "So now they are recalling me," he said of his government, which "for years" had refused him "money and reinforcements." He embarked from the little seaport of Croton. Leaving Italy, he looked back upon that land in which he had fought so many bloody battles and in which he had remained unconquered for 16 turbulent years, and as it faded forever in the distance behind him, he knew in his heart that the cause for which he had suffered so long, was lost.

The historian tells us that no native ever left his native land with greater chagrin and disappointment and regret than did Hannibal in leaving the enemy country of Italy in 203 B.C.

The battle of Zama was fought in the year 202. Scipio defeated Hannibal. Hannibal's defeat can mainly be as-

cribed to his lack of cavalry. He had 80 elephants which became unmanageable, but inasmuch as he had little cavalry, he had to use the elephants. Polybius tells us that Hannibal did everything that a good and experienced general was supposed to do, and that the excellence of his troop dispositions could not have been surpassed.

Terms were entered into between Scipio and Hannibal, and Hannibal recommended to the Carthaginian Government that the government agree to the terms. A treaty was signed in the year 201 B.C.

Regardless of the great achievements of this master strategist and technician, Hannibal, on the battlefield, he was never able to break the strength of the Roman Senate. If it had been any other nation than Rome, his victories would have brought that nation to its knees. Livy, the Roman historian, said, "No other nation could have suffered such a tremendous disaster and not been destroyed." In one afternoon at Cannae, there were more Romans killed than there were soldiers lost by the United States in the entire 8 years of the Vietnam war.

It was the Roman Senate that demonstrated the superb quality of stability that led the Romans and their allies to ultimate victory. The Hannibalic war had cost Rome terribly in treasury and in men. The intrepid Carthaginian had roamed the land of Italy, burning the towns and cities, ravishing and plundering the countryside, devastating the Roman legions, exacting an awful price from Rome in treasure and in blood.

Through it all, it was the Roman Senate that led the people to victory.

Mr. President, today is the 778th anniversary of Runnymede, the Magna Carta. That charter was signed by King John in the year 1215 on June 15 in the meadow of Runnymede beside the Thames River.

This is significant because it was at Runnymede that the governed demanded that the King recognize certain rights of the governed. The barons, of course, were interested in protecting their own rights, but in doing so they also protected the rights of free men. And so they demanded of the sovereign, the executive, that he recognize his own limitations and that he also recognize their rights. They broke the tyranny of royal absolutism. The charter, in its 63 provisions, provided for a committee of nobles, of barons who would call the King to account if he failed to live up to the charter. That was the foundation, the bedrock of American constitutional representative democracy. The Magna Carta came into its full flowering in the 1600's during the Stuart Dynasty and in 1689 when William and Mary became the two joint sovereigns.

The Roman Senate had the same opportunity to exact from the sovereign an assurance of the rights and liberties of the Roman people, and for several hundred years during the early and

middle Republic, it was separate from, and equal to, the executive. The Roman Senate was supreme. But it lost its nerve, and it ceded its powers. It decided that it would yield the authority to the emperors. The Senate then began to recede and decline, and the emperors became all powerful.

The speeches I have been making concern the line-item veto. With these two histories as background, the history of the Roman empire and the history of the Magna Carta, I see many Senators contemplating following the example of the Roman Senate, which lost its nerve, and ceded its powers over to an all-powerful sovereign, and became subordinate to the executive.

We should follow the example of the barons at Runnymede and continue the independence of the legislative branch, maintaining control of the purse, and protecting the liberties and the rights of the people, retaining limitations, as our constitutional forbears did, upon a chief executive. But instead of following that principle, I am afraid we are contemplating, with the line-item veto, the example of the Roman Senate, losing our nerve, shifting the power of the people, through their elected representatives, to an all-powerful executive. If we do that, Mr. President, then we, the Senators and Representatives of today, will be held accountable by our children, and our children's children, just as history held the Roman Senate accountable, in the final analysis, for the decline of Rome. I yield the floor.

THE PRESIDING OFFICER: The time of the Senator has expired.

Under the previous order, the Senator from Iowa (Mr. HARKIN), or his designee, is recognized to speak for up to an hour.

Mr. HARKIN: Mr. President, basically, a number of Senators want to take this time on the floor to talk about the present negotiations underway on the reconciliation bill and to offer their own personal observations and insights into the direction that this reconciliation bill seems to be taking, and perhaps some directions it ought to be taking.

In that vein, I yield to my good friend, the distinguished Senator from the State of Maryland (Ms. MIKULSKI).

THE PRESIDING OFFICER: The Senator from Maryland is recognized.

BUDGET RECONCILIATION

Ms. MIKULSKI: Mr. President, I rise today to express my very deep concern about what is going on in terms of budget reconciliation. I rise to express my very deep concern about the proposed additional cuts in Medicare and in Medicaid.

I am deeply concerned about the obverse effects this will have on senior citizens and the people and institutions that care for them, as well as that these deep cuts will preclude us from doing health insurance in a rational,

substantive, sustained, and compassionate basis.

This is a sad day for me to come before the U.S. Senate to fight for Medicare. Mr. President, 25 years ago, I worked on the war on poverty, and I was proud to do that with my shiny master's degree in social work, with a major in community organization and social strategy, based on how one organizes people for self-help. I stepped forward for my first job to help the elderly know what their medical and other health benefits would be under Medicare. It was a brand new program coming before the United States of America that balanced our core values of self-sufficiency, private sector responsibility, and at the same time making sure that we provided health care.

Under Medicare, what we said was: No to socialized medicine. We did not want comrade care in the United States of America, but we knew private sector care alone was failing the elderly. So the genius of the Johnson administration stepped forward and invented Medicare and Medicaid, and they were to be the building blocks to lead to national health insurance reform.

Twenty-five years later, we have seen the assassination of gallant leaders, and we have seen the assassination of a program. What I will not do is let Medicare come to a demise and ruin under a Democratic President and under a Democratic-controlled Congress.

Today, we come to a new form of barricades. I used to protest against the Government. Now I am inside the Government. I have turned in my picket signs and picked up the tool of amendments. But I want this Congress, this party, this President to know that if they make deep cuts in Medicare, they will meet a resistance movement. Why do I say that? Medicare has already been cut under Reagan and Bush. It has been severely cut under Reagan and Bush. The elderly are already paying \$3,000 of out-of-pocket expenses. They are paying what families now pay for regular health insurance, and that is all under Medicare premiums, and it is all under something called supplemental health insurance.

Mr. President, what do the elderly get for their money? They get a grudging attitude toward them. We regard them as if somehow or another this is a charity situation. There is nothing charitable about it. It is the right thing to do. Looking at another cultural heritage, the Jewish community, they have a phrase called seducca; that is, you help your fellow man or woman not because it makes you feel good and is being charitable—that is for the pharisees—but Republicans and Democrats should do it because it is the right thing to do.

What are the consequences of what is being talked about? What are the consequences, first, to the institutions and then to the people who care for the elderly? If you make these cuts, then we will have a severe impact on two insti-

tutions: one, the community-based hospitals in rural and urban America that serve the elderly. Whether they are called Sinai Hospital, or whether they are called Mercy Hospital, they have always had an open door to the elderly, to the unfortunate, and to all who, no matter how sick they are, have found a home. Every time you cut them, you are hurting them because they are already the same institutions that care for the uninsured. So this is going to be a double punch.

The academic institutions, usually located in urban areas, again, face this, and when you cut them, you not only cut care, you cut their ability to do research and train the physicians to treat the elderly.

I am going to talk about the doctors and nurses. It is very fashionable to kind of talk about how doctors have been gilding their stethoscopes. I reject that notion, particularly for the Medicare doctors. I love my mother, and just listening to my mother every day one gets a sense of what it would be like to take her medical history. It is complicated and anecdotal. It takes time, patience, skill, and it takes resources; and you cannot do that when you cut Medicare.

The very process of serving the elderly means you have to listen carefully. You have to listen with the professional ear and the third ear to know exactly what they are saying. Most of the physicians I know are familiar with Medicare in my ethnic neighborhoods. It is a Euro-ethnic neighborhood, but I know the African-American physicians are doing the same thing. They make home visits. In my neighborhood, Medicare "docs" make home visits to follow up on the homebound patient who cannot get out. Boy, just what we need to do. They are already getting "skip-ping" payment with reimbursement that comes in often too late and not compensating their time.

What are we doing to the doctors and nurses and to the nurse practitioners, and what does all that mean? It means that the elderly might not have a place to go because those rural and urban hospitals could close because those doctors are going to say: Not me, I am going to fold up my tent; I am going to go off and be a specialist—maybe in ear, nose and throat, or maybe I will specialize in the left year.

And they can kind of Gucci themselves up, because we pay for the wrong things and the wrong approaches.

Mr. President, that is not what Medicare was supposed to be.

Now, they are also at the point where our President has said the most defining thing in his administration will be what he does in health insurance reform. The First Lady has led a brilliant and comprehensive approach analyzing these issues. If we take these cuts now, it will preclude us from having the resources to proceed in a rational, comprehensive, compassionate way to reform health insurance. And it will be a Democratically controlled Congress

that would close the door on comprehensive health insurance reform.

Well, I am for cutting the deficit, and we know that cutting the deficit is in reforming entitlements. The most important way we can reform entitlements is not with swashbuckling cuts, but with a rational, comprehensive health insurance reform.

We are 7 years from the year 2000, 7 years before a new millennium comes. A new economy is being born in the United States of America. But I think we cannot forsake, as we pursue a new economy, our traditional values. De Tocqueville said what makes American great is individualism, self-sufficiency, and entrepreneurship. That can be wild and there can be greed, but it is tempered with, he said, Americans practicing the habits of the heart where they recognize that neighbor needs to help neighbor. There is shared sacrifice.

There is nothing shared about sacrifices that are being discussed in the Finance Committee. I want to go on record today that if they stick it to the good-guy docs, they stick it to the hospitals, they stick it to the elderly, that we are going to stick it right back.

Mr. President, I yield my time.

The PRESIDING OFFICER. The Senator yields her time.

Mr. HARKIN. Mr. President, I thank the Senator from Maryland for starting this 1 hour of debate, I think, on a correct note; and that is that we just cannot continue to let them erode what we have fought so hard for so long to do. That was to ensure, at least, the elderly do not have to face the prospect of going to the poorhouse; going to charity for services; they would be secure in their own homes, with the knowledge that their health care needs would be taken care of through a contributory program called Medicare.

So I thank the Senator from Maryland for her intelligence, her insight, and certainly her passion on behalf of middle-class Americans.

Mr. President, I yield as much time as he needs to the distinguished Senator from Minnesota [Mr. WELLSTONE].

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Thank you, Mr. President. I am going to try and keep my comments brief, because I believe there are seven Senators who want to speak within this next hour. I think the number of Senators who have come to the floor this morning to express their concern about the reconciliation bill is significant.

Mr. President, when I first started talking to Senator HARKIN from Iowa about the need for us to get a letter together and to get Senators to sign this letter, I was concerned about the cuts being considered by the Finance Committee, not just in Medicare, but in Medicaid.

Last week, when we first began to bring people together, we were hearing about a proposal to cut Medicaid benefits, which as a matter of fact would be a cut of benefits both to the poorest of

poor people in the United States of America, in rural and urban communities, but also to providers who are trying to serve those people in our country that are most vulnerable.

I understand that is reportedly off the table now, and for that I am grateful. I would say to my colleagues here on the floor, I think that it is an example of what happens when we speak up for what we believe in, and I think it is very important for us to speak up now in opposition to further unfair spending cuts.

I am concerned, Mr. President, about a proposal that would cut anywhere from \$20 billion to maybe \$35 billion more in Medicare. This is on top of the House reconciliation bill that calls for \$55 billion in Medicare cuts.

There are a lot of older Americans, a lot of senior citizens, who have said: We cannot accept those cuts. They have said, We understand that we are at a point in time in the country where people have to step up to the plate and there has to be shared sacrifice, but this goes too far. When we go beyond the House-passed proposal and an additional \$20 to \$35 billion more cuts in Medicare, I just simply want to say that, I think there are going to be a whole host of serious problems.

One of those problems is not new. We have seen it with Medicaid and we are beginning to see it with Medicare, whereby if reimbursements are cut to providers and providers simply cannot provide the care, then they are going to charge more. And elderly poor people are not going to be able to afford that.

Mr. President, there was a book written, "America: What Went Wrong," by Donald Bartlett and James Steel. They won a Pulitzer Prize for work as investigative reporters. I would like to point out two graphics in this book:

Chapter 1, Dismantle the Middle-Class. Increases in salaries during the decade of the eighties: Total salaries of people earning more than \$1 million, a 1,184-percent increase; increase in total salaries of people earning \$200,000 to \$1 million, 697 percent increase; increase in total salaries of people earning \$20,000 to \$50,000, middle-income Americans, altogether through the whole decade, 44 percent.

I would simply like to join with my colleagues, and I just simply echo the remarks of Senator MIKULSKI from Maryland and make the point that we cannot require yet more cuts from low- and moderate-income Americans, those that clearly did not benefit from this big party in the 1980's, while the well-endowed special interests slither away unscathed. That is not what the people elected us to do in the U.S. Senate.

I want to also point out, Mr. President, that cuts in Medicare benefits—even if we try to get away with this argument, and I do not think it is a credible argument, that we will not cut directly the recipients, we will simply cut into the reimbursement for the providers—yields to the same irrational cost shifting which clearly, Senator HARKIN, coming from a State like

Iowa, knows all about, whereby the providers will shift those charges to private employer-paid plans.

So when all of us go in, we pay \$20 for a Tylenol tablet, or whatever. That is to cover the cost of Medicaid recipients—soon to be Medicare, on the present course—in funds that hospitals and providers have to shift.

Mr. President, I want to be very clear about this. We are supposed to represent people well in our States. I have been hearing from people who usually do not get heard from. I am talking about people who are vulnerable. I am talking about people who do not have the clout. I am talking about the truly needy. I am not talking about the oil and gas interests. I am not talking about well-endowed special interests that are going to slither away unscathed if we do not change the course of the way we are going.

I will cite a couple of examples. Redwood Falls Municipal Hospital in Redwood Falls, MN, and Community Memorial Hospital in Winona, have told me recently in a letter that fully 65 percent of their income comes from Medicare and Medicaid. Medicare right now is paying 69 cents on the dollar, and Medicaid is paying 49 cents on the dollar. This is the shortfall that they are now faced with. The Winona Hospital passed along to me a story of a Knight-Ridder reporter who fell ill at the Republican National Convention in Houston—not because he attended the convention—ended up in a hospital for 2 days, and found himself faced with a \$6,000 bill. The hospital admitted to this reporter that he was not just paying for his own care; he was paying for their costs of Medicare and Medicaid and the uninsured.

That is the direction that we are going in. And, Mr. President, rural hospitals in Minnesota, Iowa, Wisconsin, and California have already taken a hit, and they are making the case that while their payments are going down, their costs are not going down. And I agree with the Senator from Maryland. It is patently unfair to talk about people in the health care profession, who are trying to serve people now in underserved areas, and argue they are just greedy when they make this case. James Schulte, the administrator at Redwood Falls Hospital in Minnesota says, in a letter I received recently:

There is nothing left to squeeze out of the margin.

We will be forced to drop our community service programs that are designed to help our community residents stay healthy; programs that everyone touts, but no one wants to pay for.

Mr. President, by way of conclusion, if the choice is between letting well-endowed special interests slither away; if we are not going to look at what Senator BRADLEY has identified as major tax loopholes—it is my understanding the oil industry, even after killing the Btu tax, is still getting a special \$2 billion tax break. If we are not going to go after those loopholes, egregious

loopholes, then it will simply be impossible for me, as a U.S. Senator, unless there are some changes, to support a reconciliation bill. I think that we are in the process of negotiation. I expect to see some of those changes. I will not make a final decision until I see the bill. But I do not like the direction in which we appear to be heading now.

I am not going to just be silent and see proposed cuts in rural hospitals, proposed cuts in the elderly, proposed cuts in low-income programs, while well-financed, well-healed special interests just slither away.

That is not the best of representative democracy. I think all of us look forward to a process of negotiation, and this has nothing to do with right, with left, or with center. This has to do with the standards of fairness the people of this country believe in. I urge my colleagues to consider carefully these issues as you assess the reconciliation bill that will soon come to the Senate floor.

I yield the floor.
THE PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I thank the Senator from Minnesota. He is right on target. I will just add to what the Senator said, cutting the Medicare reimbursements, then what happens is that in areas of the country that have more elderly—for example, in some of our rural areas, Iowa, Wisconsin, places like that—what happens is those hospitals, in order to endure, or the doctors, what they do is they shift the cost to small businesses, farmers, middle-income people, young workers, so then it becomes a hidden tax on those people. So you are not getting by with anything. What you are doing is burdening the middle-class with even more taxes.

What we tried to point out in our letter last week is that by cutting more into Medicare, you are not saving any money, you are just shifting more taxes onto the middle-class of America, and that is not what the Senator from Minnesota wants and that is not what this Senator wants either.

So I appreciate his insight into this, and I appreciate his comments and his support.

UNANIMOUS CONSENT AGREEMENT—AMENDMENT NO. 366

Mr. HARKIN. Mr. President, I ask unanimous consent that the time from 2:15 p.m. to 2:30 p.m. today be for debate on the motion to invoke cloture on the Mitchell-Ford-Boren amendment numbered 366 with the time equally divided and controlled between the two leaders or their designees.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I yield to the distinguished Senator from Missouri, Mr. MOSELEY.

THE PRESIDING OFFICER. The Senator from Illinois is recognized for 10 minutes.

Ms. MOSELEY-BRAUN. Thank you very much, Mr. President.

THE BUDGET RECONCILIATION NEGOTIATIONS

Ms. MOSELEY-BRAUN. Mr. President, to take you from the distinguished Senator from Iowa, my neighbor State, I would like to talk a little bit about the reconciliation bill and the challenge that we are all in this body faced with in addressing that bill.

Mr. President, the Senate will soon have to face our deficit problem by acting on a reconciliation bill. The issue before the Senate will not be how much deficit reduction to undertake. That much was already decided when the Senate adopted the budget resolution that contained the reconciliation instructions. In that resolution, we committed to reducing our deficits by a total of over \$500 billion over the next 5 years—and I have not heard any comments suggesting that we should retreat from that goal. And if anything that commitment is one about which there is consensus in this body.

There are those, however, who seem eager to change the economic plan outlined in the budget resolution in another major way—by substituting cuts in Medicare and other human services programs for at least part of the energy taxes assumed in the resolution we passed 2 months ago.

I am not here this morning to make a case for a broad-based energy tax—or for any other tax, for that matter. But I strongly believe we should stay with the budget outline that this body has already adopted.

There are those who say that entitlements are out of control, that they should be capped, or at least that they should be cut in the reconciliation bill.

Unfortunately, that is the kind of idea that only sounds good if you say it very fast. If you look at the facts, it simply does not make sense.

First of all, it is worth noting that entitlements, and in particular, Medicare and Medicaid, are already being cut in the reconciliation bill. The House-passed bill contains \$56 billion in cuts, and that figure does not include the additional \$33 billion in savings in the Social Security Program, and the additional \$29 billion in additional revenue for Medicare from eliminating the cap on Medicare taxes.

In short, there is no way to argue that the elderly and the working poor are not already making a real contribution to deficit reduction. They are doing their share, and the House-passed version makes that very clear.

Ordinary Americans, and disadvantaged Americans, have, in fact, been the primary victims of the past dozen years' worth of Federal budgets. It is not the time to ask them for yet more sacrifices.

Second, it is worth remembering that attempting to solve our budget problems by going after Medicare and Medicaid simply will not work. This strategy has been tried over and over in the past.

There have been cuts and revisions and more cuts and more revisions in the Medicare and Medicaid Program to the point now that I do not think anybody finds the rules anything less than incomprehensible. It is impossible to understand what has happened because the program has been jury-rigged so many times over the last 12 years in an attempt to cut and to put in cuts and cutbacks.

And yet, the numbers show us that the cost of Medicare has increased over 14 percent per year over the last 2 years and Medicaid has increased by roughly 30 percent per year over that period.

In short, Mr. President, the strategy failed miserably, in large part because the reality overwhelmed the demagogues and the policymakers' fantasies about what was going on with Medicare and Medicaid spending. And that kind of bankrupt idea that undergirded the cuts and the cutbacks that we have seen over the last 12 years should not be revived now.

The reason that those attempts, those cuts and cutbacks, failed is unfortunately very simple. Overall health care costs have been rising rapidly. Health care already takes up over 14 percent of our gross domestic product, and will be well over 18 percent of GDP by the turn of the century unless we act now.

What that means is that attempts to slow the growth of the Federal part of health care costs could not possibly succeed because nothing was being done to slow the overall growth of health care costs in this country.

You cannot just cure one part without curing the whole in an area as complex and expensive as health care costs.

And that brings me to the final reason why it is so unwise to try to make further reductions in Medicare and Medicaid now—it will make it more difficult to act sensibly on the comprehensive health care reform proposals that should be coming shortly after we finish with the reconciliation bill.

If Senators really want effective deficit reduction—if the Senate wants to see major changes in the rate of growth of entitlement costs—then the place to act is comprehensive health care reform, where we can be sure we are really reducing costs instead of just shifting them.

So I submit, Mr. President, if anything, the attempt to cut and cut back ad to go back to antiquated, outdated, and failed strategies in the context of this reconciliation bill will just make it harder for us to do what we need to do in terms of long-term health care reform.

Mr. President, every American should have access to decent health care. And I think we can accomplish

that objective while saving our overall economy money and while saving the Federal Government money on health care programs. The time for that debate, however, is not in the reconciliation bill. It is in the health care reform bill.

Our responsibility now is not to make that reform process more difficult, and that means we should stay with the budget outline that we have already agreed to.

Health care reform legislation will be, in effect, a second deficit reduction bill. Its long-term impacts could be even greater than the reconciliation bill we will consider very shortly on the floor. We must, therefore, avoid taking actions in the reconciliation bill that make enactment of health care reform more difficult.

Finally, it is worth keeping a few basic facts in mind as we consider what we are going to do on the reconciliation bill. There has been a lot of rhetoric regarding the huge new tax burden the Clinton plan imposes. It is supposedly overwhelmingly tilted toward taxes rather than spending reductions.

The fact is, however, that if the Clinton plan is given a chance to work, Federal revenues should increase from 18.6 percent of our gross domestic product [GDP] in fiscal 1993 to 19.7 percent of GDP in fiscal 1998.

Stated another way, overall Federal revenues should increase by roughly 6 percent.

Spending actually falls to 22.4 percent of GDP in fiscal 1997, but heads back up in fiscal 1998, mainly because the projections for the Clinton plan do not include any action on health care reform.

And so you see if we achieve such health care reform we will achieve a second deficit reduction, we will achieve a second cutback, a second diminution in Federal spending over this period of time. And I think the facts must be kept in mind as we address these issues.

We need to act on the reconciliation legislation. We must act on health care reform. I urge my colleagues to do what we agreed to do over 2 months ago, to stay within the basic outline of the economic program contained in the budget resolution. Trying to change that outline now—and that is just what is going on—jeopardizes our credibility and makes it more difficult to achieve early action on both reconciliation and comprehensive health care reform.

THE PRESIDING OFFICER. The time of the Senator has expired.

Ms. MOSELEY-BRAUN. I ask unanimous consent for an additional minute and a half?

THE PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, I urge my colleagues to remember an old adage, and that is that good government is good politics.

It seems to me this is a time to put good government ahead of knee-jerk politics, to put good government ahead

of the headlines and the demagoguery that goes on in the public sphere; that we focus in on reality, on the facts, on the numbers as we know them; that we take our responsibilities as the elected representatives of the people seriously and not engage in a knee-jerk response which will shift the burden to working people, ordinary citizens, middle-class people, and the poor any more than they have already been burdened.

I think we have an obligation. We have an obligation to make certain the reconciliation is fair, that this budget process is fair to all Americans, and to see that the one group that is the least able to carry the burden not bear a disproportionate share of our attempt to address reconciliation in this body.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank the distinguished Senator from Illinois. I just want to back up with a chart what the distinguished Senator said about the distribution of the revenues in the reconciliation bill. This chart clearly shows it.

Under the bill as passed by the House, this purple sector is 68 percent. That comes from people with incomes over \$200,000 a year. This red sector, that is 2 percent of the share, that comes from people with incomes of \$100,000 to \$200,000 a year. So fully 75 percent of the revenues raised come from individuals making over \$100,000 a year, and less than 25 percent from those under that. And mostly, 20 percent of what is remaining, comes from people making from \$50,000 to \$100,000 a year.

While we may differ in exactly how those taxes are to be assessed, the progressivity of this ought not to be violated. In other words, whatever the Finance Committee comes out with, again, I think we are all pretty united in saying we do not want any further cuts in Medicare or Medicaid. We have to keep in mind we do not want to lessen the burden on the upper income, those who made a lot of money during the 1980's. But they ought to pay their fair share also. I just wanted to back up with that chart what the distinguished Senator said about the progressivity of the revenues in the reconciliation bill.

I thank her for her contribution and yield up to 10 minutes to the distinguished Senator from Illinois, my dear friend and colleague, Senator SIMON.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 10 minutes.

Mr. SIMON. Mr. President, I thank my colleague from Iowa. I will try to use less than 10 minutes.

I thought the chart my colleague just showed was significant. The whole purpose of our tax structure, the income taxes, was to get some equity in taxation. I hate to see us move away from that kind of equity.

My distinguished colleague from Illinois will recognize these names I just mentioned. When we move on Med-

icaid—and the average hospital gets 10 percent of its income from Medicaid but those that serve in poorer areas receive much more—how much is that going to cost Cook County Hospital? Cook County Hospital, which Senator MOSLEY-BRAUN is very familiar with, a public hospital serving primarily the poorer people in Cook County, they lose \$31,290,000. That is a devastating blow to that hospital.

Let us talk about private hospitals: Mount Sinai, \$8,427,000. Or Memorial Hospital, in Carbondale, IL, down in southern Illinois, where we have an above-average number of poor people. Memorial Hospital in Carbondale, \$2,732,000. St. Mary's Hospital in Centralia, \$490,000. I could go on with others.

We are talking about very, very harsh blows.

The average hospital gets 40 percent of its income from Medicare. What happens when we cut back on Medicare? First, we hurt senior citizens; second, we hurt particularly hospitals in poorer areas because they compound the Medicaid/Medicare problem.

In Illinois, since 1985, we have had 22 hospitals close. Where have they closed? Primarily in the poorer areas: Cairo, IL; St. Anne's, on the west side of Chicago. We are hurting the very people that we ought to be here defending.

One of my heroes, one of the heroes of Senator MOSLEY-BRAUN, was Paul Douglas, a great U.S. Senator. Senator WELLSTONE and I had a kind of philosophical discussion on the floor last week about why we are serving what we are supposed to be doing here. Paul Douglas used to say to me, "the rich and the powerful basically can take care of themselves. You look out for the people who are really struggling in our society and then you are going to have Government doing what it ought to do." I believe that. I do not think if we move in the direction we are talking about, we are going to be doing that in this bill.

We ought to do better. Why can we not, for example, take BILL BRADLEY's suggestion to move that corporate income tax up 1 percent? That is not going to hurt anybody.

Or, let us look at something—I am not suggesting that everybody here is going to agree with me—but we passed the indexing on the income tax rates without a single hearing in the House or Senate. It was an amendment just thrown in at the last minute here. And, interestingly, Arthur Burns—no wild-eyed liberal—warned us against indexing income tax rates. They warned us against it because if we have an inflation—and at some point in the future of this Nation we are likely to—that aggravates inflation.

What would happen if, on the income tax, we would suspend indexing for 1 year: 1994? In 5 years, the savings would be \$37.5 billion. And that is on an income tax where it is equitable to people.

What if we were just to suspend indexing altogether, which I think most economists would agree makes sense, plus it would mean those of us who can afford to pay, pay a little more and those who are the poorest and the struggling in our society, we do not pound on them? If we were to suspend it in this 5-year period it would raise \$112 billion in additional income.

I think there are alternatives to saying on the floor of this body, and through our votes, we face financial problems. There is no question about that. We have to reduce the deficit, and there is no question about that. And to the credit of Bill Clinton, who has taken a lot of bumps these days, he is saying let us face up to this problem which both political parties have ducked the last 12 years.

Let us face up to our economic problems, but let us not face up to our economic problems by putting the burden of this on the backs of those who can least afford it in our country.

I commend my colleague for his leadership here and I am pleased to join in this discussion.

Mr. HARKIN. I thank the Senator from Illinois. If I might just sort of expound on one point he made on the corporate rate, 10 years ago the corporate rate was 47 percent. We reduced it by 25 percent, cut it by 25 percent in the mid-eighties, down to 34 percent. Now we are quibbling whether we raise it 1 or 2 percent.

I want everyone to know it is nowhere near what it was even 10 years ago. We are back in the 1970's where, quite frankly, corporations were doing quite well, thank you.

As the Senator pointed out, for every 1 percent we raise, we get about another \$16 billion of revenue. I think we ought to be taking a very hard look at that.

I thank the Senator from Michigan.

Mr. SIMON. I thank my colleague and I add he and I voted against that 1981 tax bill which caused most of the problems that we have had. I am pleased to say I also voted against that 1986 tax bill which compounded the problem even more.

We have to get back to equitable taxation. We do not need to have people say, "Well, this tax is going to hurt this industry," like the Btu tax will hurt farmers and others. There is a simple way of getting away from a lot of these taxes and that is to go back to greater reliance on the income tax. I think that is a fair way to do it.

Mr. HARKIN. In a progressive manner.

Mr. SIMON. In a progressive manner. Mr. HARKIN. I thank the Senator. I was proud to stand with him both in 1981 and 1986.

Mr. SIMON. I thank my colleague, and I yield the floor.

Mr. HARKIN. I yield up to 10 minutes to the distinguished Senator from California [Mrs. BOXER].

The PRESIDING OFFICER. The Senator from California [Mrs. BOXER] is recognized for up to 10 minutes.

A SOUND ECONOMIC FUTURE

Mrs. BOXER. Mr. President, I want to thank the Senator from Iowa for organizing this presentation this morning and my colleagues who have added so well to the debate in which we find ourselves.

It is of crucial importance to the economy of our country that we pass the next step of our budget, which is the reconciliation bill. The plan that has been suggested by President Clinton was carefully thought through and I believe sets us basically on the path to a sound economic future. His plan, of course, includes many spending cuts, but not deep cuts in Medicare. His plan includes revenues that come from the wealthiest among us and investments that will make us competitive.

Of course, Mr. President, no plan is without controversy. There is always controversy when you attack long-festering problems in the economy, such as the massive deficits of the eighties coupled with the neglect of so many of our social problems and a military budget that must be streamlined to meet the new and different threats that we face in the post-cold-war era.

I think the Clinton plan can be improved and should be improved, but let us be careful as we try to improve it. I think Senator BRADLEY has come up with a good way to improve it. He suggests that we eliminate tax loopholes rather than cut programs like Medicare and Medicaid which help the elderly and the poor. There are many other ideas that are sound as well. As long as the basic deficit reduction goals, and the new investment goals, and the goals to cut needless spending are attained, I think we will move our Nation forward.

I want to address today, in addition to my concern over the discussion of deeper cuts in Medicare, is the Republican chorus to do all of the deficit reduction through spending cuts. That is what they want. They say, "Cut spending first." I have heard that 50 times at least on this Senate floor. I have heard it on TV and I have read it in the papers. There is even a postcard campaign to my office, thousands of cards: Cut spending first.

So I am willing to look at that option. I ask my Republican friends how? They do not have any specifics. The only thing they can say is cut spending first. They want no new taxes. They do not want to touch military spending, of course, and they are not very interested in touching Medicare or Social Security.

So let us assume we did what the Republicans are asking and eliminated all domestic discretionary programs. That is what they have basically said. They would cut education, health, science, technology, the Women, Infants and Children Program, veterans' program, transportation, agriculture, environmental cleanup, national parks, small

business, and community development programs. What kind of country would we have? What kind of future would our children have, and how could we compete with our economic competitors in the world?

Now I ask another question: What would happen to jobs? Let us look at that. Let us look at what would happen to the job situation in America, Mr. President, if we decided to throw out those taxes on the wealthiest among us, which are in the Clinton plan, and instead substituted those increased taxes with more cuts in spending, which is what the Republicans are asking for day after day.

I asked that question of the experts and this is the answer they came back with: There would be roughly 210,000 fewer jobs in America by 1996. That is from the Wharton Econometrics Forecasting Associates [WEFA] Group, a prominent, respected group of economic analysts. They computed the effect of a decrease in nondefense spending that is of the same magnitude as the increased income tax on the wealthy and they found out what I said: There would be roughly 210,000 fewer jobs by 1996 and real gross domestic product would be down by \$8 billion. Now that is a Republican recipe for economic disaster. But that is what would happen.

We have just come out of a long economic nightmare. Let us not go back into it again. So let us get beyond the popular speeches of the moment and do what we were sent here to do: Take courageous but correct action to get our nation on the right economic course. A course of lower deficits and job growth and new investments and cuts in unneeded spending. That is unnecessary spending, not spending on programs such as Medicare, which are needed.

Let us have three choices:

One, we have the do-nothing option. That would lead us to deficits in excess of \$600 million in 10 years from where we stand today at almost \$300 billion.

Choice two: To only cut spending—that is the option of the Republicans. No tax increases on the wealthy. That would mean 210,000 fewer jobs at a time when we need to be creating more jobs, and an \$8 billion decrease in the gross domestic product when we need economic growth.

Then there is choice 3: The basic Clinton option which presents us with a carefully crafted, balanced plan that seeks to be fair by putting forward a mix of spending cuts, taxes on the wealthiest among us and new investments so we can compete in the global economy.

I want to point out one last thing. My colleagues on the other side of the aisle, my Republican colleagues, get very upset when the wealthiest Americans are asked to pay their fair share. My God, they just get irritated at that thought. They warn middle-class America. They say: "Middle-class America, the Democrats are really

going after you." They warn us that the sky is going to fall.

I hope the disaster of the eighties taught us a lesson and we can get beyond that phony argument. In the eighties the argument was made if we give tax breaks to the wealthiest, we will prosper. Well, we did not prosper. The millionaires saved millions and, unlike the predictions, they did not invest in our economy. Trickle down did not work. It made the deficit grow in a gargantuan way, and it made those at the top multimillionaires and even billionaires.

Trickle-down economics, that is, not having the super rich pay their fair share, has cost this country dearly. And, those same voices are out there again protecting those whose incomes went up 115 percent in the past decade from \$314,000 in 1977 to \$675,000 in 1992, a 115-percent increase in income to the wealthiest among us. And still the Republicans in this Chamber cry bitter tears at the thought that we might have an upper rate or put a surcharge on the millionaires and the billionaires.

I say that trickle-down economics is the biggest con job since Tom Sawyer talked Huck Finn into painting that white picket fence. He said, "Huck, you'll have fun painting that fence. Huck, you'll love it," and Tom Sawyer went off, let Huck Finn do all the work and Tom Sawyer did not have to do any work.

In the eighties, the millionaires only had to live off of their tax breaks. They had a party while everyone else worked harder and longer and barely made progress and the deficit grew and grew. So the millionaires were the Tom Sawyers and everybody else was Huck Finn. I hope those days are over, Mr. President. I only want every American to pay his or her fair share. I only want the American dream to be within reach of all our people.

My home State of California is the largest State in the Union, 31 million people, and we are suffering with very high unemployment, more than a million people out of work. My State's recovery depends on an economic plan that is solid and forward looking. A plan that recognizes the need to invest in our high-technology future. A plan that recognizes the need to keep our children and our elderly healthy. A plan that recognizes that we must educate our children and be able to compete in the world. We are counting on such a plan. We are not counting on deeper cuts in Medicare, Mr. President. Let us move on with it, let us make constructive changes, but let us move forward now. I yield back my time.

Mr. President, I ask unanimous consent that the statement by the WEFA Group be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 15, 1993.

REDUCING THE BUDGET DEFICIT WITH MORE
RELIANCE ON SPENDING CUTS WOULD COST
JOBS

A recent WEFA Group analysis shows that if the Clinton plan's personal tax increases on the wealthy over the period 1993 to 1997 were scrapped, and cuts in nondefense spending of the same magnitude were substituted, U.S. economic growth would be weaker and more jobs would be lost. By 1998, the level of real GDP would be about \$8 billion lower, and the number of workers on non-agricultural payrolls would be about 200,000 lower.

WEFA Group is a leading econometric modeling and economic forecasting firm based in Bala Cynwyd, PA. Founded in 1963 by 1980 Economics Nobel Prize winner Lawrence Klein, the firm employs about 300 economists, working in offices in Bala Cynwyd, Washington, London, Frankfurt, Toronto, Mexico City, Paris, Milan, and other cities around the world.

The PRESIDING OFFICER (Mr. LIEBERMAN). The Senator from Iowa is recognized.

EXTENSION OF MORNING BUSINESS

Mr. HARKIN, Mr. President, earlier I had not objected to a request by the distinguished President pro tempore of the Senate for an additional 10 minutes. Because we got started late and we have a certain number of people who want to speak, Mr. President, I ask unanimous consent that we allow an additional 30 minutes.

The PRESIDING OFFICER. The Chair asks, the Senator from Iowa is thereby intending to extend morning business by that amount?

Mr. HARKIN. That is correct.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, again I thank the distinguished Senator from California for a very honest and straightforward presentation. She is absolutely right. I know everyone talks about cutting spending. There is a lot of wasteful spending we can cut around here, but I do not hear anyone talk about cutting Star Wars even though the Soviet Union no longer exists. I do not hear much talk about cutting the super collider, the space station. How about the Intelligence Committee budget that is higher this year than it was last year? We do not hear any talk about that. Let us throw that on the table.

And then we talk about some of the tax loopholes. I see the distinguished Senator from Ohio here who compiled a list of 120 different tax expenditures. I was looking at the list. I am sure he will talk about it in his time. But I noted over \$5 billion that have seeped back into the Tax Code since the 1986 Tax Act that benefited only the oil and gas companies. Well, maybe we ought to take a look at that, too.

So when we are talking about cutting spending, let us look at the overall deficit, because that is what we are talking about bringing down, the overall deficit, not just that part that contributes to the deficit from entitlement spending for Medicare or Medicaid.

I thank the Senator from California.

I yield 10 minutes to the distinguished Senator from Wisconsin [Mr. FEINGOLD].

The PRESIDING OFFICER. The Senator from Wisconsin [Mr. FEINGOLD].

Mr. FEINGOLD. I thank the Chair.

MOVEMENT FROM THE
PRESIDENT'S PLAN

Mr. FEINGOLD. I compliment the Senator from Iowa for his leadership in articulating the concerns of a group of Senators about the movement of the Senate apparently away from President Clinton's reconciliation proposal. It was also the Senator from Iowa who helped put together a letter from 11 Democratic Senators last Friday that pointed out that not everyone in the Senate was necessarily happy with the idea of moving away from the fairness of the President's plan.

The Senator from Iowa has long been a leader on behalf of the interests of the average American, folks who pay taxes and work hard and who obviously hope for a better future for their children. Of course, I am delighted to be out here with other Members of this group, the Senator from Maryland, the Senator from California, the Senator from Minnesota, the Senator from Ohio, and two Senators from Illinois. All of us are very concerned about what we have been reading and hearing about what might be happening in the Finance Committee.

The past decade represented an era where the burdens were shifted onto the backs of middle-class Americans. As we all know, the wealthy saw their taxes go down while the Federal deficit went up.

The previous administrations handed out tax breaks like sugar-coated candy and promised more tax cuts and trickle-down economics. I have no doubt that if George Bush had been reelected, we would be seeing more sugar-coated candy coming from the White House instead of the tough medicine that this President has offered in his deficit reduction bill.

What the American people got from those economic policies of the last 12 years were staggering annual deficits, which, as we all know, led to a \$4 trillion national debt, a massive Federal debt that has undermined our economic security and mortgaged our futures and has mortgaged our children's future and our grandchildren's future.

Now, you have heard everyone say that phrase, every candidate in America. It is almost like a mantra: Our children's future and our grandchildren's future. But that repetition does not take away from the fact that moving from under \$1 trillion in debt in 1980 to over \$4 trillion in 1992 is one of the most shocking and unnecessary tragedies of our time.

Last November, the American people asked for a change of direction. They knew that America stood at a crossroads and we would have to make a choice. The choice would be whether

we would stand by and continue to watch economic stagnation and an ever-growing national debt or whether we would work to rebuild and restore our economy, reduce the annual deficit and the Federal debt over time, and, very importantly to all of us who are standing out here today, to do so in a fair and progressive manner.

It does make a difference how you do deficit reduction. Deficit reduction is terribly important. But how you do it is important, too. That is what we are here to talk about today. The American people made the choice. They rejected the failed policies of the Bush administration and the continuation of the self-indulgent credit card mentality, the spend now and don't worry about it attitude. That was the attitude that had dominated our national leadership for over a decade.

The American people voted for economic change, for responsible Government and, yes, for deficit reduction. As a candidate for the Senate in 1992, I can tell you that in Wisconsin, all over the place, it did not matter where you were—Superior, Milwaukee, Mineral Point, it did not matter—you heard the same thing over and over again. Deficit reduction was the overriding concern, and that is what the people of Wisconsin told me on this last recess, that is what they tell me every time I am home.

On February 17, President Clinton responded to that call for change. He submitted the most ambitious deficit reduction proposal many think ever presented by a President. In his State of the Union speech, he inspired the entire Nation by his pledge to restore economic stability to our Nation, to reduce both Federal spending and the Federal deficit, and to make the kinds of investments in our Nation's future that are essential as we move into the 21st century. He said that he would ask sacrifices of all Americans, but that they would be fair and equitable, and that those who had benefited the most from economic policies of the 1980's would be asked to shoulder a major part of the burden of restoring the Nation's economy. He proposed a package of revenue increases and spending reductions—more than 200 specific cuts in Federal spending, the very thing that the Republicans out here always say that they believe in.

As the previous speakers have very effectively pointed out, the revenue increases in the bill, in addition to the spending cuts, were carefully designed so that the majority of new taxes would fall upon the wealthiest Americans, with 75 percent being paid for by families earning more than \$100,000 per year.

Unfortunately, in the past few months, Mr. President, we have watched many special interests in this town move to take apart this package and to shift the burden of the deficit reduction away from the wealthiest and onto the backs of the middle class, the elderly, and those who have the

least. Special interests have managed to insert in the reconciliation bill not new spending cuts but new tax giveaways and new tax shelters at a time when this country can least afford these kinds of tax expenditures.

Now, I can hardly believe it but there are serious proposals to shift and to impose additional cuts on lower- and middle-income people above those already contained in the President's budget proposal. There are serious proposals to take cuts out of the Medicare Program while at the same time we are talking about allowing new depreciation deductions for business. Some are talking about putting into effect new loopholes in the alternative minimum tax, the very provision that is designed to make sure that the very wealthy pay at least something, some minimal amount for the benefits they receive from participating in this country's economy.

We have also seen a broad-based Btu energy tax proposal that did its best to spread the burden evenly throughout this country, being possibly replaced by proposals, such as a gas tax that will hit individuals and families much harder than the Btu tax.

I am particularly troubled by two items that I have learned are either in the changes proposed, or likely to be. One is that we have lost a relatively modest proposal from the President to cap deductions for corporations that pay their executives more than \$1 million per year. That provision is not yet eliminated, but it has been weakened. I have not found a single constituent of mine, including key CEO's, who believe it is critical that a business be able to deduct that amount above \$1 million that they pay a corporate executive. This provision should be strengthened, not weakened.

The other thing that I am amazed by is to hear people talking about cutting Medicare—and even something as outrageous as taking away cost of living increases for Social Security—while they are talking about delaying the increases in the corporate income tax and the personal income tax for 6 months. These folks are on notice that the President has proposed these changes. I think it is fair to say that they would be prepared to pay their fair share for the whole year, not just half of the year. We need that revenue in order to meet the President's very laudable goal of \$500 billion in net deficit reduction in the next 4 years.

Mr. President, the President of the United States sent the Congress a fair and balanced deficit reduction proposal last spring. It was not perfect, but obviously not everybody agreed with every provision. I and many others felt there should be more spending cuts and deeper deficit reduction. I think we should find more spending cuts this year, and every year, until we get rid of the Federal deficit. But President Clinton's basic plan is significant; it is balanced, and it spreads the burden of sacrifice fairly throughout our society.

Now the U.S. Senate has the responsibility to move forward with this proposal. I believe we should strip the bill of the tax breaks and the tax shelters which have worked their way into the House-passed bill. That is where we should be looking first for increased revenues, not out of the Medicare Program, not out of Social Security or Medicaid, and not on the backs of middle class Americans who have done their share, borne the burdens, and are willing to do even more if they can be assured that these funds will go for deficit reduction, economic recovery, and to provide a better future for their children and grandchildren.

Mr. President, we need a deficit reduction measure that remains true to the progressive economic policies that the American people voted for last fall. We should pass the President's deficit reduction legislation without the changes demanded by the special interest lobby. They have been responsible, to a large extent, for the failed economic policies of the past administration and have helped drive this country to the edge of bankruptcy.

To conclude, very simply, they should have to participate in solving the problems they have helped to create.

Thank you.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, I thank the distinguished Senator from Wisconsin for his contribution. The Senator from Wisconsin, again, put his finger on a lot of the sort of loopholes that crept back into the House bill which nobody is really talking about.

The Senator mentioned one about the provision that the President had in his plan that would tighten down on the deductibility for executive pay over 1 million a year. Well, the House loosened up on that to the point where it is almost kind of ridiculous. If you can show that the company made progress, then you are exempted from it. Anybody can show that, for crying out loud. The Senator is right that it ought to be tightened down.

There are some others. We talked earlier about the corporate tax increase. The President proposed 36 percent, and the House left it at 35. That 1 percent increase is \$15 billion right there alone. Again, we do not have to weaken the alternative minimum tax for accelerated depreciation, a convoluted subject in the President's bill. The House took it out. We can recapture \$9 billion right there.

Yes, the President also had in his bill a provision that would stop international corporations from avoiding their fair share of U.S. taxes. That was \$8 billion right there that the House took out. I think we can look at that here.

How about this one? Right now, international companies are allowed to set prices at which their own divisions can buy products from another of their

divisions. They set the prices and keep them low so that they do not pay any U.S. taxes on that at all. It is called transfer pricing—again, a very convoluted tax subject. But Citizens for Tax Justice says this can save us up to \$15 billion a year right there.

Why are we not looking at that? Why do we have to look to Medicare and Medicaid for the cuts?

Why do we not look at some of these? The Senator put his finger on that, and I appreciate it very much.

Mr. President, I yield 15 minutes to the distinguished Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

THE PRESIDENT'S ECONOMIC PLAN

Mr. METZENBAUM. I thank the Senator. I commend the Senator from Wisconsin, the Senator from California, the Senator from Iowa, the Senator from Illinois, and such others who have addressed this subject.

Today I wish to address myself to the free-for-all over the President's economic plan. I wholeheartedly supported the President when he offered his economic plan in February. It was the first budget proposal in 12 years to deal honestly and forthrightly with the American public on the nightmare of our economic deficit.

I believe it was a fair proposal. It asked all Americans from both sides of the economic spectrum to share in the sacrifice of deficit reduction. That took guts from a new President, guts we have not seen around here for a long time. Americans rose to the challenge. Every poll showed that the people overwhelmingly supported the President. They were willing to do their part as long as everyone else did theirs. Americans were prepared to sacrifice. They wanted to do what was right for the country—cut the deficit; invest in the future; put an end to wasteful, outdated subsidies; and get this economy moving again.

In the beginning, that is what this debate was all about—doing what is right for the country. That was then. Sadly, somewhere between K Street and Capitol Hill, the good of the country went out the window. What happened? How in the space of 4 short months did we get back to gridlock? I will tell you how. The first roadblock was thrown up by a few Western Senators, who decided their constituents should not have to sacrifice. They wanted a special deal. They demanded a break for the timber industry, the mining industry, the ranchers, and all of the other Western beneficiaries of Government welfare.

To be fair, the President made a mistake. He gave the Senators what they wanted. I think they were surprised by it. They did not expect to find the President so accommodating. And the President should not have done it. But he is new around here, and he thought with that change, he had bought peace

and progress for his total package. I do not blame him as much as I blame the Democratic and Republican Senators who did not have enough sense to realize that once the gates on special deals were open, the whole concept of shared sacrifice would collapse.

I blame them because they did not have the courage to face angry constituents to explain that cutting the deficit means everybody has to help, certainly our friends out West who spare no opportunity to yell and jump up and down about Government waste and wasteful spending, as if giving away Government land, selling Government timber at low costs, and spending hundreds of millions of dollars every year building roads through virgin forests were not a waste of taxpayers' money. It was plain, old-fashioned selfishness, and you cannot call it anything else.

After the westerners got their deal, then somebody else decided they did not want to pay their fair share either. First, it was big agriculture. They got their break from the Btu tax. That started the hemorrhage, and the sharks begin to circle. Business wanted a deal. The oil and gas industry, petrochemicals, and Chamber of Commerce all wanted out. All of them found Democratic and Republican Members willing to carry their water.

They went with the old Republican rallying cry: Cut spending before you raise my taxes.

We are at the point now where nobody wants to pay so much for shared sacrifice. You know conservative Democrats and Republicans are trying to foist the burden of deficit reduction off on the poor and the elderly. Cut Medicare and Medicaid, they say. Take it from the retirees living on fixed incomes as if they could afford. Seniors are already being asked to pay higher taxes on their Social Security under the Clinton plan. Medicare is already cut \$124 billion since 1984 and would be cut an additional \$46 billion under the proposed plan.

The worst thing about this is it is a sham argument. There is no difference between cutting Medicare benefits and raising taxes. They both result in money out of the middle-income taxpayers and the poor of this country.

The only question is who is going to pay? If the conservatives have their way it will be the senior citizens, the middle-class, the poor and the homeless that pay while they protect big oil, realtors, and the insurance industry, among others.

Furthermore, the plan presently under discussion involves using savings from Medicare gained through health care reform to finance the whole reform effort. If we cut Medicare now for deficit reduction how will we pay for health care reform?

Mr. President, I believe we ought to look at some of the special tax deals that are already in the law, breaks that benefit wealthy individuals and specific industries for no good reason at all.

Take the energy industry which is currently permitted to expense up front costs associated with exploration and development. Most industries have to depreciate their capital investments over 15 years or longer. The energy industry has been getting breaks after breaks over a period of years. The two former chairman both came from oil-producing States. They looked out for the oil industry. They took good care of the oil industry. But they are no longer chairing the committee and now we ought to go back and see all of the wrongs we have done and undo some of them in the interest of fairness to the American taxpayer.

Big oil and gas are going to get it right up front, and they get it right up front today, and we do not do a thing about it. That and their special oil depletion allowance cost the taxpayers \$2 billion every single year just for one single tax break that was given to them in the last session of this Congress.

While big oil cashes in on the oil and energy tax breaks and there are many of them, the rest of the oil crowd benefits from the so-called credit for enhanced oil recovery costs. One thing is for sure. If you are in the oil business you can always find a Democrat or a Republican to carry your water, kiss your ring, or take your PAC money.

While big oil makes off with all the booty, middle-class taxpayers and working people wind up getting clobbered, and it does not matter whether you vote Democratic or Republican.

Other energy interests make out pretty well, too. They get alternative fuel production credits, alcohol fuel credits, tax free bonds for energy production facilities, one tax break after another.

What about wealthy people? They get even more breaks than the energy industry. Consider the exclusion from taxation of investment income on life insurance annuities. That break benefits corporate executives who make so much money they need tax shelters so they invest in tax free annuities.

Do not ask me how this break which costs the taxpayers about \$8 billion each year benefits the national interest?

Here is another one. It does not matter which tax bracket you are in—15 percent, 28 percent, 31 percent, or the proposed 36 percent rate. You will never have to pay more than 28 percent on your capital gains income. Unfortunately, not very many people under the 31-percent rate ever pay capital gains in the first place. In the 1986 so-called tax reform bill we conformed the capital gains tax rate to the rates for earned income. That is what reform was all about. In that act the top rate was 28 percent. Since that time we have raised the top rate to 31 percent and now apparently we are going to raise it to 36 percent with a 39.6-percent marginal rate after the surtax is figured in. But the capital gains rate still limps along at 28 percent. Somebody always forgets to raise it.

When are we going to wake up and

quit being such fools about this matter?

Here is another giveaway to the rich—the infamous individual retirement account. Oh, that is a wonderful thing. That is such a great thing we have to do that for the people of this country. But the fact is that only benefits those who are in good income tax brackets. The cost to the American taxpayers generally is about \$6 billion each year.

I could go on all morning, far more than the 15 minutes allotted to me, to talk about all of these special tax exemptions. There are 120 special tax exemptions and deductions in the law, and I ask unanimous consent at this point, Mr. President, to print the entire number of them in the table in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1).

Mr. METZENBAUM. Mr. President, these amount to \$484 billion a year, \$2.4 trillion over 5 years.

Let me be very candid with my colleagues. Not all of them are bad. Some of them are justifiable. But there are enough bad ones in here that we would not have to be looking at Medicare if we wanted to do something that was right for the people of this country and that was fair.

Let me give you a couple examples of some of these that are in here.

Under international affairs, inventory property sales source rule exemption. Frankly, I do not know what that is. But it cost \$20.5 billion over a 5-year period.

Under other business and commerce, depreciation of equipment and excessive alternative depreciation system that only costs \$104.6 billion over 5 years. Or exclusion of capital gains at death, that costs \$73.2 billion over 5 years.

So, Mr. President, there are ways that we can balance the budget. There are ways that we can move toward the President's objective without zeroing in on middle class and poor Americans. This is where we should be looking to cut the budget in these special exemptions that I just mentioned, not the pockets of the elderly and the poor.

The thing that disturbs me most about the chaos masquerading as debate on the Clinton budget is that the Republicans act as if they had no hand in creating the budget mess in which we find ourselves as if it was not 12 years of Republican rule that piled up the debt. Now that they are truly out of power they stand around on the other side over there and throw bombs. They are so irresponsible and cynical. The Republicans are the problem, but that comes as no surprise.

What is a surprise is the phenomena of conservative Democrats, members of the President's own party, publicly criticizing the President day after day almost looking for opportunities to embarrass him. Furthermore, these Democrats claim very sanctimoniously they plead they are only trying

to help the President, they are moving him back to moderation, back to the safety of the political center. That is plain preposterous.

I ask you how does carrying water for the special interests relate to ideology. Does anyone really believe that a tax on gasoline is more conservative than a Btu tax? It is not a question of ideology. It is a question of who is going to pay. It is a question of toting to special interests, and in this case the special interest happens to be the oil and gas industry, the chemical industry, and others.

I used to think that being labeled a conservative Democrat meant that you subscribed to the center of the political spectrum. I was wrong about that. Being a conservative Democrat means you go to the mat to protect parochial interests in your State and special interests nationally and the national interest be damned. Never mind the position papers and talking points of home State interests are centered in Washington law firms where public opinion is manipulated and put in a direct mail envelope for public dissemination back to the Hill. I am shocked by this, truly shocked that after 12 years in the political wilderness and finally electing a President many Democrats still do not get it. The public is tired of senseless and selfish bickering. They are tired of gridlock. They are tired of always getting the short end of the stick. I wish

our friends on this side of the aisle would be helping the President. Too many of them are not.

They are weakening him and in some instances they are embarrassing him. I wish they would stop.

I want to follow up on my earlier comments with respect to our colleagues on the other side of the aisle.

The Republicans take great joy in watching Democrats fight it out—then they stoke the fire by claiming that the President is not really a new kind of Democrat at all, but just more of the same—a tax-and-spend liberal.

What hypocrisy.

For 12 long years, their Presidents—Republicans—Ronald Reagan and George Bush taxed, and spent, and borrowed this country into the ground.

In 1982 and 1990, they passed the largest tax increases ever foisted onto the wage earners of this country.

They increased spending more than at any time since World War II—far more than the so-called big spending of Lyndon Johnson during his tenure.

In fact, Reagan and Bush spent so much money that even their tax increases could not cover the cost—so they borrowed, and borrowed, and borrowed.

It was Ronald Reagan and George Bush that sent the annual deficit to \$400 billion a year. They quadrupled the national debt to over \$4 trillion.

It was they who mortgaged our future.

Our children, and our grandchildren's children will be paying for their profligacy throughout their working lives.

Republicans taxed, they spent, and they borrowed like there would be no tomorrow. So let us not talk about tax-and-spend Democrats.

On November 3, 1992, the people spoke. They said they had had enough Republican flapdoodle. They wanted honesty, they wanted responsibility—and they wanted action.

They elected a Democrat.

So I say to my colleagues on this side of the aisle: Let us not fall for the old Republican ruse. Let us not worry about whether the President is too left of center today—or too right of it tomorrow.

We elected him. He is our President.

He had the guts to ask each and every American to share in a common sacrifice.

And Americans are willing—as long as they do not think they are getting the shaft—to do their part.

The President's plan was fair. But it is being decimated by the right wing of the party in combination with the Republicans.

We need to get back on track.

Let us support the President. He deserves to have his program enacted.

EXHIBIT

TABLE 1.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1994-98

(In billions of dollars)

Function	Corporations					Individuals					Total 1994-98
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998	
National defense:											
Exclusion of benefits and allowances to Armed Forces personnel						2.0	2.1	2.1	2.2	2.2	10.7
Exclusion of military disability benefits						.1	.1	.1	.1	.1	.6
International affairs:											
Exclusion of income earned abroad by U.S. citizens						1.4	1.5	1.6	1.7	1.7	7.9
Exclusion of certain allowances for Federal employees abroad						2	2	2	2	2	10
Exclusion of income of foreign sales corporations (FSCs)	1.5	1.5	1.6	1.6	1.7						7.9
Deferral of income of controlled foreign corporations	1.1	1.1	1.2	1.2	1.2						5.8
Inventory property sales source rule exception	3.9	4.0	4.1	4.2	4.3						20.5
Interest allocation rules exception for certain nonfinancial institutions	2	2	2	2	2						1.8
General science, space, and technology: Expensing of research and development expenditures	2.0	2.1	2.3	2.4	2.6	(1)	(1)	(1)	(1)	(1)	11.4
Energy:											
Expensing of exploration and development costs:											
Oil and gas	5	5	5	5	5	(1)	(1)	(1)	(1)	(1)	2.5
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.2
Excess of percentage over cost depletion:											
Oil and gas	3	3	3	3	3	3	3	3	3	3	2.8
Other fuels	2	2	2	2	2	(1)	(1)	(1)	(1)	(1)	1.3
Credit for enhanced oil recovery costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.2
Alternative fuel production credit	7	8	9	9	9	3	3	3	3	3	5.7
Alcohol fuel credits	(1)	(1)	(1)	(1)	(1)						.2
Exclusion of interest on State and local government industrial development bonds for energy production facilities	(1)	(1)	(1)	(1)	(1)	2	2	2	2	2	1.2
Expensing of factory input costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.1
Exclusion of energy conservation subsidies provided by public utilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.7
Credits for investments in solar and geothermal energy facilities	(1)	1	1	1	1	(1)	(1)	(1)	(1)	(1)	.3
Credits for electricity production from wind and biomass	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.2
Deductions and credits for clean-fuel vehicles and refueling property	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.3
Natural resources and environment:											
Expensing of exploration and development costs, nonfuel minerals	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.3
Excess of percentage over cost depletion, nonfuel minerals	2	2	2	2	2	(1)	(1)	(1)	(1)	(1)	1.3
Investment credit and 7-year amortization for rehabilitation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.2
Expensing of multiperiod timber-growing costs	4	4	4	4	4	(1)	(1)	(1)	(1)	(1)	2.4
Exclusion of interest on State and local government sewage, water, and hazardous waste facilities bonds	3	3	3	3	3	9	9	1.0	1.0	1.1	6.8
Investment tax credit for rehabilitation of historic structures	1	1	1	1	1	(1)	(1)	(1)	(1)	(1)	.6
Special rules for mining reclamation reserves	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.2
Agriculture:											
Expensing of soil and water conservation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.2
Expensing of fertilizer and soil conditioner costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.3
Expensing of the costs of raising dairy and breeding cattle	(1)	(1)	(1)	(1)	(1)	1	1	1	1	1	.6
Exclusion of cost-sharing payments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.1
Exclusion of cancellation of indebtedness income of farmers						2	1	1	0.1	1	.5
Cash accounting for agriculture	1	1	1	1	1	2	2	2	0.2	2	1.2
Commerce and housing:											
Financial institutions:											
Bad-debt reserves of financial institutions	1	1	1	1	1						.6
Exemption of credit union income	4	4	5	5	5						2.3
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	7	8	9	10	11	7.4	8.2	9.0	9.9	10.9	49.7
Exclusion of investment income from structured settlement payments	(1)	(1)	(1)	(1)	(1)						.1
Small life insurance company taxable income adjustment	(1)	(1)	(1)	(1)	(1)						.6
Special treatment of life insurance company reserves	2.1	2.3	2.5	2.7	3.0						12.7
Deduction of unpaid property loss reserve for property and casualty insurance companies	1.5	1.6	1.8	1.9	2.1						8.9
Special alternative tax on small property and casualty insurance companies	(1)	(1)	(1)	(1)	(1)						.1

TABLE 1.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1994–98—Continued

(In billions of dollars)

Function	Corporations					Individuals					Total 1994-98
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998	
Tax exemption for certain insurance companies	(1)	(1)	(1)	(1)	(1)						.1
Special deduction for Blue Cross and Blue Shield companies	.1	.3	.3	.1	.1						.8
Housing:											
Deductibility of mortgage interest on owner-occupied residences						46.5	47.1	50.3	53.7	57.2	253.9
Deductibility of property tax on owner-occupied homes						13.7	14.4	15.4	16.3	17.1	76.8
Deferral of capital gains on sales of principal residences						14.3	14.8	15.3	15.9	16.4	76.7
Exclusion of capital gains on sales of principal residences for persons age 55 and over (\$125,000 maximum)						4.7	4.9	5.1	5.3	5.5	25.5
Exclusion of interest on State and local government bonds for owner-occupied housing	.5	.5	.5	.4	.4	1.2	1.2	1.2	1.2	1.2	6.2
Exclusion of interest on State and local government bonds for rental housing	.3	.3	.3	.4	.4	.8	.8	.9	1.0	1.0	4.1
Depreciation of rental housing in excess of alternative depreciation system	1.0	1.0	1.1	1.1	1.1	.5	.5	.6	.6	.6	8.1
Low-income housing tax credit	.6	.6	.6	.6	.6	.3	.3	1.0	1.0	1.0	7.8
Other business and commerce:											
Maximum 28 percent tax rate on long-term capital gains						3.8	3.9	4.2	4.4	4.7	21.0
Depreciation of buildings other than rental housing in excess of alternative depreciation system	5.1	5.1	5.2	5.2	5.2	1.9	1.9	2.0	2.0	2.0	35.6
Expensing of up to \$14,000 of depreciable business property	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	1.0
Carryover basis of capital gains on gifts						1.5	1.6	1.6	1.7	1.8	8.2
Amortization of business startup costs	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	.2	1.0
Reduced rates on first \$75,000 of corporate taxable income	3.2	3.3	3.5	3.7	3.9						17.6
Permanent exemption from imputed interest rules	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	.2	1.2
Expensing of computer circulation expenditures	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	.2	1.1
Special rules for magazine, paperback book, and record returns	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	.2	1.1
Deferral of gain on non-dealer installment sales	.4	.4	.4	.5	.5	.2	.2	.2	.2	.2	3.4
Completed contract rules	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	1.1
Cash accounting, other than agriculture	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	.2	1.1
Exclusion of interest on State and local government small-issue industrial development bonds	.4	.4	.4	.4	.4	1.1	1.2	1.3	1.4	1.5	6.1
Deferral of gain on like-kind exchanges	.3	.3	.3	.4	.4	.2	.2	.2	.2	.2	3.0
Exclusion from net operating loss limitations for corporations in bankruptcy proceedings	.4	.4	.4	.4	.4						2.0
Deferral of gains from sales of broadcasting facilities to minority-owned businesses	.1	.1	.1	.1	.1						.5
Transportation:											
Deferral of tax on capital construction bonds of shipping companies	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	4.4
Exclusion of employer-provided transportation benefits						3.0	3.1	3.1	3.1	3.2	15.3
Community and regional development:											
Increased credit for rehabilitation of structures, other than historic structures	(1)	(1)	(1)	(1)	(1)	.2	.2	.2	.2	.2	1.3
Exclusion of interest on State and local government bonds for public airports, docks, and mass commuting facilities	.2	.2	.2	.3	.3	.7	.8	.9	.9	1.0	5.8
Education, training, employment, and social services:											
Education and training:											
Exclusion of scholarship and fellowship income						.7	.7	.7	.8	.8	3.7
Parental payment exemption for students age 15 to 22						.4	.4	.4	.4	.4	4.2
Exclusion of interest on State and local government student loan bonds	.1	.1	.1	.1	.1	.3	.3	.3	.3	.3	2.4
Exclusion of interest on State and local government bonds for private nonprofit educational facilities	.2	.2	.2	.3	.3	.8	.9	.9	1.0	1.1	5.8
Deductibility of charitable contributions for educational institutions	.4	.4	.4	.5	.5	1.6	1.7	1.8	1.9	2.0	11.1
Exclusion of interest on educational savings bonds						.1	.1	.1	.1	.1	.9
Employment:											
Exclusion of employee meals and lodging, other than military						.6	.6	.6	.7	.7	3.2
Special tax provisions for employee stock ownership plans (ESOPs)	.8	1.0	1.1	1.2	1.2	.2	.2	.2	.2	.2	5.3
Exclusion of benefits provided under cafeteria plans						5.4	6.2	6.5	10.6	12.6	43.9
Exclusion of rental allowances for ministers' homes						.2	.2	.2	.3	.3	1.3
Exclusion of miscellaneous fringe benefits						4.6	4.9	5.2	5.5	5.8	25.9
Exclusion of employee awards						.1	.1	.1	.1	.1	.6
Exclusion of income earned by benefit organizations											
Supplemental unemployment benefits trusts						(1)	(1)	(1)	(1)	(1)	.1
Voluntary employees' beneficiary associations						.5	.5	.5	.6	.6	2.7
Social services:											
Deductibility of charitable contributions, other than for education and health	.4	.4	.4	.4	.4	12.9	13.2	14.4	15.5	16.4	74.4
Credit for child and dependent care expenses						7.8	7.8	7.8	7.9	8.0	34.3
Exclusion for employer-provided child care						.6	.6	.6	.7	.7	3.2
Exclusion for certain foster care payments						(1)	(1)	(1)	(1)	(1)	.1
Expensing costs for remedial architectural barriers	.1	.1	.1	.1	.1	(1)	(1)	(1)	(1)	(1)	.5
Credit for disabled access expenditures	.1	.1	.1	.1	.1						.5
Health:											
Exclusion of employer contributions for medical insurance premiums and medical care						36.7	39.6	42.5	48.1	48.7	213.0
Exclusion of medical care and CHAMPUS health insurance for military dependents						.4	.4	.4	.5	.5	2.2
Supplemental health insurance credit component of earned income tax credit (EITC) ¹						.1	.1	.1	.1	.1	.5
Deductibility of medical expenses						3.5	4.1	4.7	5.5	6.4	24.2
Exclusion of interest on State and local government bonds for private nonprofit hospital facilities	.5	.5	.6	.6	.7	1.3	1.4	1.5	1.7	1.8	10.7
Deductibility of charitable contributions to health organizations	.5	.5	.5	.5	.5	1.3	1.3	1.4	1.5	1.6	8.8
Medicare:											
Exclusion of uncollected medical benefits:											
Hospital insurance						8.2	8.6	10.0	11.1	12.2	50.5
Supplementary medical insurance						4.9	5.6	6.5	7.7	9.0	33.7
Income security:											
Exclusion of workers' compensation benefits						4.1	4.3	4.5	4.8	5.0	22.7
Exclusion of special benefits for disabled coal miners						.1	.1	.1	.1	.1	.5
Exclusion of cash public assistance benefits						.5	.5	.5	.5	.5	2.5
Not exclusion of pension contributions and earnings:											
Employer plans						55.3	58.5	62.0	65.7	68.6	311.1
Individual retirement plans						6.2	6.5	7.0	7.5	8.0	35.2
Keogh plans						3.8	4.1	4.3	4.5	4.7	16.6
Exclusion of other employee benefits:											
Premiums on group term life insurance						2.2	2.3	2.5	2.6	2.8	12.5
Premiums on accident and disability insurance						.1	.1	.1	.1	.1	.6
Exclusion of employer-provided death benefits						(1)	(1)	(1)	(1)	(1)	.6
Additional standard deduction for the blind and the elderly						1.6	1.7	1.8	1.9	1.9	8.8
Tax credit for the elderly and disabled						.1	.1	.1	.1	.1	.5
Deductibility of casualty and theft losses						.6	.6	.6	.6	.6	2.5
Earned income tax credit (EITC) ²						1.2	1.6	1.7	1.8	1.9	8.3
Supplemental young child credit component of EITC ³						(1)	(1)	(1)	(1)	(1)	.1
Social security and railroad retirement: Exclusion of uncollected social security and railroad retirement benefits						27.0	28.4	30.2	31.9	33.2	153.2
Veterans' benefits and services:											
Exclusion of veterans' disability compensation						1.6	1.6	1.6	1.7	1.7	8.2
Exclusion of veterans' pensions						.1	.1	.1	.1	.1	.5
Exclusion of GI bill benefits						.1	.1	.1	.1	.1	.4
Exclusion of interest on State and local government bonds for veterans' housing	(1)	(1)	(1)	(1)	(1)	.1	.1	.1	.1	.1	.6
General purpose fiscal assistance:											
Exclusion of interest on public purpose State and local government debt	3.5	4.6	4.5	4.8	5.0	10.5	11.8	12.8	14.9	15.1	86.8
Deduction of nonbusiness State and local government income and personal property taxes						25.7	27.6	29.7	31.8	33.3	148.2
Tax credit for corporations with possession source income	3.9	4.1	4.3	4.5	4.7						21.5
Interest: Deferral of interest on savings bonds						1.3	1.3	1.4	1.4	1.5	6.9

¹ Positive tax expenditure of less than \$50 million.² In addition, the 5.4-cent-per-gallon exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of \$0.5 billion per year in fiscal year 1994, and \$0.6 billion per year for fiscal years 1995 through 1998.³ The figure in the table shows the effect of the supplemental health insurance component of the EITC on receipts. The increase in outlays is \$0.7 billion in each year for 1994, 1995, and 1996, and \$0.2 billion in each year for 1997 and 1998.⁴ The figure in the table shows the effect of the EITC on receipts. The increase in outlays is \$109 billion in 1994, \$135 billion in 1995, \$141 billion in 1996, \$151 billion in 1997, and \$154 billion in 1998.⁵ The figure in the table shows the effect of the supplemental young child credit component of the EITC on receipts. The increase in outlays is \$0.3 billion in 1994, \$0.4 billion in 1995, and \$0.4 billion in each year from 1996 through 1998.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

Mr. METZENBAUM. I commend the Senator from Iowa for his leadership in this entire endeavor and I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

There are 7 minutes and 27 seconds remaining.

Mr. HARKIN. I thank the Chair and I thank the distinguished Senator from Ohio for his many years of leadership here in the Senate in fighting for the middle class and the little guy.

I think it was earlier that Senator SIMON from Illinois made a comment that previous Senator Paul Douglas from Illinois had said, I guess in an admonition to Senator SIMON at one time: "When you get to Washington, there are enough special interests for the wealthy. They have there inroads in Washington. They can take care of themselves. But what you need to do is to stick up for the little guy."

The Senator from Ohio has always stuck up for the little guy in America.

Mr. METZENBAUM. I thank the Senator.

Mr. HARKIN. I am proud of his contribution.

What the Senator just said here again is in keeping with that tradition of fighting for the middle class and making sure the people that do not have all the powerful lobbyists around here, that they have a champion here on the Senate floor, and the Senator from Ohio has been that champion for many, many years.

Mr. WELLSTONE. Will the Senator yield for 1 second?

Mr. HARKIN. I am delighted to yield.

Mr. WELLSTONE. I will just take seconds.

I want to echo what the Senator from Iowa has said.

I want to say to Senator METZENBAUM that those were fighting words, but those were very appropriate words, I think, from Senator METZENBAUM, when it comes to some standard of fairness and standing up for people so that people think that Government is on their side, as opposed to people that have all the wealth and power.

I say that Senator METZENBAUM is at the very top of the U.S. Senate. That is the history that he has made. Therefore, he is a very, very important Senator to me and a model.

I thank him for his comments.

Mr. METZENBAUM. I am very grateful to both of my colleagues.

Mr. HARKIN. Mr. President, to close out our hour and a half of debate, I want to thank all the Senators who came over. There were many more who wanted to speak but, obviously, because of committee meetings and other time constraints, could not be here.

Mr. President, I just close by saying, last week a group of 11 Senators—and I

was one of those—sent a letter to the chairman of the Finance Committee, Chairman MOYNIHAN, expressing concern about recent reports of proposed changes in the deficit reduction package. And while we said maybe some changes need to be made, we basically spelled out three points.

First, no further cuts in Medicare or Medicaid that would unfairly increase the beneficiaries' out-of-pocket costs or reduce the quality and access of health care.

Second, no decrease in the share of deficit reduction asked of the wealthiest people in our society.

And, third, no additional taxes on the middle class.

Mr. President, I think Senator MIKULSKI from Maryland really started the hour and a half of debate quite appropriately.

We just cannot stand by any longer and let this debate on the deficit reduction shift only to those who have worked the hardest in our society; those who have tried to raise their families and play by the rules, now perhaps have a few golden years left to retire in dignity, and to say, "No, we are going to stick it to them." Or, to those on the bottom rung of the ladder; those, who, through circumstances of birth or happenstance in life—maybe they do not have great incomes, perhaps they may even be on, God forbid, welfare, AFDC, or something like that—who are struggling, they are working, they want their kids to have a better life, and we are saying "No, we are going to stick it to them, too."

We are not going to stand by and let this happen. I think that is what we are all saying here today. We are concerned about the direction that this so-called budget reconciliation is taking.

And, I might add, since the Republicans have decided to sit on the sidelines and not be a part of the process, then it is up to us Democrats to fashion the program. But we do not want to violate those three principles.

And, Mr. President, I want to say here that there has been some talk in the newspapers lately—and I have read them—that somehow this is left or right; that somehow it is class warfare.

Mr. President, nothing could be further from the truth. This is not left or right or up or down or class warfare or anything else. It is about reducing the deficit. We all want to do that, because we know that an increasing deficit is basically going to hurt middle-income America, going to hurt the people on the bottom, going to pull out the rug from underneath them in terms of them wanting to have a better life.

So we do what to reduce the deficit, but we also want to strengthen the middle class because we recognize that

as the path up for people who are on the bottom.

We do not want to back down on our commitment that we have made over the years to the elderly of our country that they will be able to live in dignity with decent health care. And we do not want to pull out the ladder or ramp of opportunity for those on the bottom, so that they too can have a share of the American dream.

So this is not left or right. It is basically common sense middle America, because what we are talking about is strengthening that middle class that has been so hard hit over the last 12 years of Reagan and Bush economics.

I guess, summing it up, Mr. President, what we are all here about—what the Senator from Minnesota is here about and the Senator from California who spoke, and the Senator from Ohio and others who spoke this morning, and the others who are on the letter—what we are really about is nothing more or less than strengthening the American dream.

What we are saying is that if you work hard and if you play by the rules, then you, too, should have a part of the American dream; that you should be able to earn enough to raise your kids and educate them, to buy a home, to have a decent car, maybe even to take a nice vacation once in awhile and, yes, to retire with some dignity and health care.

That is what we are here about, the American dream; not just for the few at the top but for the many at the bottom; to hold out that American dream to them, too.

And you do not do it with a deficit reduction package that puts the burden on them of reducing the deficit. You do it by making it more fair.

And that is really what we are about: Reducing the deficit, but doing it in a manner that is fair to all of society; one that makes sure that those who are on the top—not that we want to stick it to them, either—but just to make sure they pay their fair share; to make sure that the distribution of the burden of reducing the deficit is shared by all equitably and fairly in our society.

That is really what we are about.

And to the extent that this deficit reduction package that is coming out of the Finance Committee does not meet those principles—I cannot speak for any Senator other than myself—I can say that this Senator will be prepared to come out here on the floor next week, or whenever we get that package, and to do whatever I can to change it, to modify it, to meet these principles. And, if we cannot do it, to oppose it, because, Mr. President, we cannot let this happen. We cannot let the burden just fall on middle-class America.

Mr. President, I ask unanimous consent the letter that we sent last week, 11 Senators sent, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, June 11, 1993.

Hon. DANIEL PATRICK MOYNIHAN,
Chairman, Committee on Finance, U.S. Senate,
Washington, DC.

DEAR CHAIRMAN MOYNIHAN: We are concerned by recent reports of proposed changes to the President's deficit reduction package that run counter to progressive Democratic principles. We believe that the package must maintain the level of deficit reduction contained in the budget resolution while protecting those who took the brunt of failed Republican trickle-down policies over the past 12 years.

While there may need to be changes in the House-passed reconciliation bill, we oppose changes which fail to meet the following principles:

(1) No further cuts in Medicare or Medicaid that would unfairly increase beneficiaries' out-of-pocket costs, reduce access or quality of health care, or threaten enactment of health care reform;

(2) No decrease in the share of deficit reduction asked of the wealthiest people in our society; and,

(3) No additional taxes on the middle class. We would hope to work with you during the coming days to ensure Senate passage of the reconciliation bill.

Sincerely,

Tom Harkin, Paul Wellstone, Russell Feingold, Daniel Inouye, Paul Simon, Howard Metzenbaum, Patty Murray, Carl Levin, Barbara Mikulski, Carol Moseley-Braun, Daniel Akaka.

The PRESIDING OFFICER. The Senator from Nevada, Mr. REID.

Mr. REID. Mr. President, I know the hour is late but I was not aware of the very special orders today. I ask unanimous consent I be allowed to make a statement as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOURCE TAXING

Mr. REID. Mr. President, I think the American public should be impressed with the fact that statements today acknowledge the fact that we have an annual deficit that is too much and that we have an accumulated debt that is too high. People here today are talking about doing something about it. I think that is important. But I, Mr. President, rise to speak on a different subject.

I speak on a piece of legislation I have introduced over the past several Congresses. In fact, this legislation has passed on two separate occasions in this body. This legislation will eliminate a State's ability to tax a non-resident's pension income, a practice known as source taxing.

As the situation exists today, retirees in every State could be forced to pay taxes to States where they do not reside. Retirees pay taxes on pensions drawn in the States where they spent their working years, despite the fact

they are no longer present in that State. They no longer participate in programs to which their taxes go. They do not participate in medical assistance programs, parks, senior centers, roads, police, fire. These people do not benefit from services funded by taxes because they do not live there.

Most important, they do not even get to vote in their former State of residence. Yet they are still required to pay taxes. There could be no clearer example of taxation without representation.

There are numerous examples, illustrations that show the inequity of the practice of source taxing the pension incomes on nonresidents. I am going to talk about a couple of what I think are outrageous situations. As I have indicated, there are numerous, numerous occasions where this has occurred.

An elderly lady living in Fallon, NV, has an annual income of around \$12,000 a year. Of course she is not rich. But she is able to survive on this amount of money in rural Nevada. One day, though, the mail carrier delivered a message in the form of a notice of taxation from the State of California. In effect it says she owes taxes on the pension income she receives from California plus penalties plus interest. She cannot believe this. Being an honest, hard-working person all of her life, she calls the tax collector in California long distance and tells them that she has never paid taxes on her pension and asks why at this time she is being assessed?

The tax collector says, making a long story very short, that the California franchise board made a mistake and that instead of the tax notice she received, she should get a bigger one. They went back to 1978 and calculated her tax debt. Her tax debt was almost as much as she makes in a year.

Most citizens pay their taxes honestly and do not complain too much, but when they are taxed by a State where they do not even live they begin to question the system.

In 1974, a detective for the Los Angeles Police Department retired. There is no place in America today that a job is more dangerous than being in law enforcement in southern California, in Los Angeles. And being a detective makes it even more difficult and more dangerous. The examples of where this man, over his career, in the Los Angeles Police Department put his life on the line are numerous.

But he decided, after retiring, that he did not want to live in southern California. He decided he wanted to move to Friday Harbor, WA. After he moved from California to the State of Washington, he was told by the State of California that he would have to pay taxes on his California pension income.

This was after a spokesperson for the California franchise tax board was quoted in a Sacramento newspaper saying that California had been sending letters for 7 or 8 years stating they would not collect taxes on the pensions

of nonresidents. But, the spokesman said, California later changed its mind.

The detective was contacted, as I have indicated, by California and told he owed taxes on his pension income from California. After California tallied up the unpaid taxes, penalties, and the interest, they found the retired detective owed over \$26,000. The bottom line on this story is that California is seizing 25 percent of the detective's pension income until the arrearages are paid. The only way the detective can get this pension seizure released is perhaps to go to court and to try to get relief in the California State court system. In other words this is a nightmarish situation.

A person on a pension cannot afford lawyers. The vast majority of times, in fact almost all the time, they pay. They cannot afford it in many instances but they pay. So they are faced with a situation, whether they pay for an attorney they did not think they would ever need, or they pay taxes that are unjustly assessed.

As I mentioned in the earlier part of my statement, this legislation was passed twice in the Senate. On each occasion the legislation was dropped by the House-Senate conference committee. The problem is that identical version of this legislation on the House side is referred to the Judiciary Committee. On the Senate side it is handled in the Finance Committee. My legislation, that is good legislation and passes here very easily, is killed in the House.

But at the end of last Congress, I received a letter from the chairman of the House Judiciary Committee regarding the conference report to this legislation. In that letter the chairman said the Judiciary Committee members could not reach consensus on this issue and the amendment had to be deleted.

The letter from the chairman also included his personal assurance that he would hold hearings on this issue after the 103d Congress convened, to address the policy questions surrounding the legislation.

Mr. President, my staff has repeatedly made inquiry with the Judiciary Committee staff on the House side and they are given no affirmative response. All we have heard is that no hearings have been scheduled. We do not need to make a phone call to find that out. We know that.

I have written to the chairman, asking for hearings and have not heard a single word from the chairman of the House Judiciary Committee. This is what gives the legislative process in many parts of our country a bad name. Because worthy legislation is killed by means that the American public do not understand and that many times we in the legislative process do not understand. This legislation is being stonewalled, this legislation is being killed without a proper hearing. We are about to consider tax legislation in this body and it seems to me that until the House does something on this issue, we should not burden the Fi-

nance Committee for a third time to pass this legislation—to report this legislation.

I hope that the Judiciary Committee will allow a hearing of this legislation, will allow the process to go forward, report it to the House floor, and have this legislation passed so it can be signed by President Clinton. It is fair. Why in this country should we have legislation that, in effect, would prevent taxation without representation? We need to pass a bill to end source taxing.

I have explained about the women in Fallon, NV, and the retired detective in Friday Harbor, WA. These people are already burdened. They are paying taxes they should not have to pay. They cannot wait for the political process to be an impediment to correct this extremely inequitable practice of source taxing. Nor can the thousands of other people around the country wait who are being taxed by a State where they no longer benefit from the services, no longer reside and can no longer vote. We need to remedy this. This is unfair and it is what causes people to make disparaging remarks and feel poorly about the legislative process.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

Mr. BURNS. Mr. President, might I inquire, are we still in morning business?

The PRESIDING OFFICER. The Chair advises the Senator that morning business has expired. The Senator may extend it.

Mr. BURNS. Mr. President, I ask unanimous consent that morning business be extended for at least 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BURNS. I thank the Chair.

(The remarks of Mr. BURNS pertaining to the introduction of S. 1108 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I ask unanimous consent that morning business be extended to give me adequate time to deliver this brief message.

The PRESIDING OFFICER. The Senator is recognized for a brief period of time.

PUBLIC HEALTH AND SAFETY ACT

Mr. CHAFEE. Mr. President, about a month ago, I introduced my Public Health and Safety Act which is legislation to ban the sale, manufacture, and possession of handguns. My legislation, which is Senate bill 892, would establish a grace period of 6 months during which time handgun owners across our Nation could turn in their firearms and be reimbursed for the weapon's fair market value, or \$25, whichever is most

After the 6-month grace period, no one may possess a handgun, except law enforcement officers, military, antique collectors, target shooters, and security guards, and the target shooters would have to have their weapons stored in a secure place.

Mr. President, why is there an emphasis on handguns? Because it is the most easily concealed, most readily available weapon. It is used to commit violent and terrible injuries. Violent death and injuries are not only rapidly increasing from handguns, but the number of deaths and injuries that are coming from handguns are increasingly senseless.

Let me just give an illustration, Mr. President. Two weeks ago, on June 1, Allyn Winslow, a drama teacher and exercise enthusiast, was shot four times in the back while peddling his bicycle in Prospect Park, a park in Brooklyn, NY, in the afternoon. Mr. Winslow was 42 years old. He was shot by four boys who were just barely in their teens and they wanted his mountain bicycle.

The witnesses heard the shots, and they heard screaming. From their accounts and from the trail of blood left in Mr. Winslow's wake, the police deduced that Mr. Winslow had peddled out of the woods, down a hill, onto a trail, over a small bridge, and then collapsed in Long Meadow, amidst the grass and wildflowers, where he died.

Mr. Winslow's colleagues at the American Musical and Dramatic Academy where he taught described him as a peaceful man and a passionate and dedicated drama teacher, fascinated by the theater and eager for his students to learn. He was married to Marcy Winslow. They had two children, Drew, age 8; Jessica, age 10. The Winslows moved from Texas to Brooklyn 5 years ago, very much enjoying New York life and planned to move closer to the gracious 500-acre Prospect Park because they liked it as a special place for their family to picnic, to play, and to walk.

This fatal shooting occurred on a Tuesday, 2 weeks ago today. Four days later, on a Saturday, four young boys—two were age 14 and two were age 16—were arrested for Mr. Winslow's murder. They apparently assaulted Mr. Winslow because three of them had bikes and they wanted a fourth bike.

The cruelty and senselessness of this crime is compounded only by the youth of the children accused of carrying it out. And because these children had a handgun, the assault turned into a fatal assault. If the four boys had had a knife or a club or even just their fists, Mr. Winslow likely would have been able to peddle away quickly enough with no more harm done than a thorough scare.

Mr. President, the National Rifle Association glosses over certain facts. The National Rifle Association insists that guns do not kill, people do, but a person with malicious intent is far, far more dangerous if he is armed with a gun. Compared to other weapons, guns

are far more lethal, more efficient, more effective in causing injury or death. It should come as no surprise. That is what guns are designed to do. Unlike virtually any other weapon, guns may be used at great distances. After all, who has ever heard of a drive-by knifing?

Allyn Winslow was shot in the back four times by four .22 caliber bullets as he fled his teenage attackers. He was shot on a sunny afternoon in the middle of quiet Prospect Park, because the boys wanted his \$250 bicycle and they had a revolver handy. Simply put, Mr. President, we cannot ensure the public health and safety of our citizens unless we move to get rid of these lethal and all too accessible handguns. Hence, my legislation.

I will say this to all within hearing shot: If we do not act, sooner or later every American family will be touched by handgun violence. So I urge my colleagues to join me in support of S. 892, the Public Health and Safety Act.

I thank the Chair.

TRIBUTE TO COL. WILLIAM R. HART, USMC (RET)

Mr. GLENN. Mr. President, it is with a great deal of sadness and respect that I rise today to memorialize and pay tribute to Col. William R. Hart, U.S. Marine Corps (retired) who passed away suddenly on May 30, 1993.

Colonel Hart was the quintessential military officer; a man who loved God, his country, and his family. He was born in Pandora, OH in 1939, and went on to earn his bachelor's degree from Bowling Green State University and a master's degree from Pepperdine University. In many ways he typified what small town America is all about. His service to this country spanned some 27 years and saw him serve in such divergent assignments as a White House aide to Presidents Kennedy and Johnson as well as two tours in Vietnam.

I came to know Colonel Hart during his last active duty tour when he served as deputy legislative assistant to the Commandant of the Marine Corps. I will always remember him as the consummate marine; a square shooter who always told it like it was; a fierce competitor; a forceful advocate of equity, his word was his bond and he demanded no less of others; an impeccable officer whose demeanor reflected the highest standards of the Marine Corps he loved.

Following his military career, which saw him earn the Legion of Merit, the Bronze Star with combat V, the Joint Services Meritorious Service Medal and the Navy Commendation Medal with combat V, he went on to work for the Navy Mutual Aid Society where he was the assistant vice president for membership, a position where, once again, he was serving those who have served their country.

His final position was one for which he was ideally suited. As the deputy director for Government relations at the